

ASSEMBLY BILL

No. 2332

Introduced by Assembly Member Mazzoni

February 24, 2000

An act to add Section 1349.01 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 2332, as introduced, Mazzoni. Dental management service organizations.

Existing law provides for the regulation and licensing of health care service plans and specialized health care service plans by the Department of Managed Care, effective no later than July 1, 2000, or earlier pursuant to an executive order of the Governor. A willful violation of the provisions governing health care service plans is a crime.

The Dental Practice Act provides for the regulation and licensing of dentists and the practice of dentistry by the Dental Board of California.

This bill would require a person engaged in business as a dental management service organization, as defined, to be licensed by the department as a health care service plan or a specialized health care service plan, as specified.

Because a violation of the bill's requirements would be a crime, this bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated

by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of
2 the following:

3 (a) The practice of dentistry in this state involves an
4 important public interest.

5 (b) The existing laws of this state are designed to
6 ensure that only appropriately licensed persons engage in
7 the practice of dentistry.

8 (c) A person managing a dental practice engages in
9 the practice of dentistry, and the well-being of consumers
10 in this state is placed at risk if that person is not subject to
11 appropriate licensing standards.

12 (d) The nature of the services provided in the
13 management of dental practices by dental management
14 service organizations are frequently similar to the service
15 provided by health care service plans or specialized
16 health care service plans in their operations.

17 SEC. 2. Section 1349.01 is added to the Health and
18 Safety Code, to read:

19 1349.01. (a) It is unlawful for any person to engage in
20 business in this state as a dental management service
21 organization unless that person has first secured a license
22 from the director to operate as a health care service plan
23 or a specialized health care service plan, or unless that
24 person is exempted pursuant to Section 1343 or the
25 regulations adopted pursuant to that section.

26 (b) For purposes of this section, a “dental
27 management service organization” means any person
28 who manages one or more dental practices. It includes
29 any organization operating under that name, as a dental
30 practice management company, or any similar form of
31 organization. It does not include a dentist licensed under

1 the Dental Practice Act (Chapter 4 (commencing with
2 Section 1600) of Division 2 of the Business and Professions
3 Code), a partnership of licensed dentists, or a duly
4 organized professional dental corporation, to the extent
5 that the dentist manages his or her own dental practice,
6 or the partnership or corporation manages its own dental
7 practice.

8 (c) For purposes of this section, “dental practice”
9 includes any place of practice, as defined in Section 1658
10 of the Business and Professions Code, including any place
11 at which dental services are provided or dental
12 operations are performed.

13 (d) A person manages a dental practice if the person
14 controls the dental practice, directly or indirectly. A
15 person controls a dental practice if the person does any
16 of the following:

17 (1) Owns or operates the dental practice.

18 (2) Holds a coownership interest or other proprietary
19 interest of any nature in the dental practice or holds any
20 right to participate in the management or control of the
21 dental practice.

22 (3) Engages in any of the activities described in
23 Section 1625 of the Business and Professions Code with
24 regard to the dental practice or indicates in any way that
25 the person engages in any of those activities.

26 (4) Determines the dental services or dental
27 operations that are necessary or appropriate.

28 (5) Otherwise exercises professional decisionmaking
29 authority with regard to dental services or dental
30 operations, or interferes with the professional judgment
31 of a dentist in the treatment of his or her patients.

32 (e) A person may be determined by the director to
33 control a dental practice if the person does any of the
34 following:

35 (1) Hires or fires, or manages the hiring or firing, of the
36 dentists, dental auxiliaries, or other professional staff
37 employed by, under contract with, or providing dental
38 services or performing dental operations for or on behalf
39 of, the dental practice.

(2) Establishes production quotas for the dental practice or for the dentists, dental auxiliaries, or other professional staff employed by, under contract with, or providing dental services or performing dental operations for or on behalf of, the dental practice.

(3) Enters into any contract, in the name of or on behalf of the dental practice, with a health care service plan, a specialized health care service plan, insurer, or other payor that obligates dentists in the dental practice to provide dental services to, or to perform dental operations for, the enrollees, subscribers, insureds, or beneficiaries of a health care service plan, a specialized health care service plan, insurer, or other payor.

(4) Enters into any contract with a dentist, a partnership of dentists, or a professional dental corporation to provide dental services to, or to perform dental operations for, the enrollees, subscribers, insureds, or beneficiaries of one or more health care service plans, specialized health care service plans, insurers, or other payors.

(f) A person shall not be deemed to manage a dental practice solely because of any of the following, provided that in engaging in those activities on behalf of a dental practice, the person does not control the dental practice, directly or indirectly:

(1) The person employs, or contracts with, nonprofessional staff, such as janitors and receptionists, to provide nonprofessional services for the dental practice.

(2) The person purchases supplies or equipment for a dental practice in a manner that the dental practice benefits from the person's bulk purchasing power.

(3) The person purchases the equipment and office of the dental practice and leases the equipment and office back to the dental practice.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section
2 17556 of the Government Code, or changes the definition
3 of a crime within the meaning of Section 6 of Article
4 XIII B of the California Constitution.

O

